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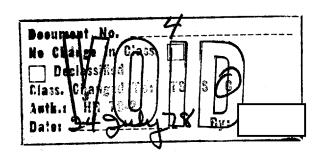
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INTELLIGENCE MEMORANDUM

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CENTRAL INTELLIGENCE AGENCY

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THE ARAB - ISRAELI DISPUTE

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The conflicting claims of Arabs and Jews to Palestine have long been a major problem. With the establishment of Israel in May 1948, however, the dispute became serious. It is today a major block to Near Eastern stability.

Modern Jewish interest in Palestine started toward the end of the 19th century—as a movement to establish a national home for the persecuted Jews of Eastern Europe. Zionism received encouragement in 1917 from the Balfour Declaration, wherein Britain, which subsequently took over the Mandate of Palestine, stated that it looked with favor on the establishment of a Jewish national home, provided it did not conflict with the rights of the local population. Arab leaders maintained at the same time, however, that Britain had indicated in the secret McMahon letters to Arab leaders that the area would eventually come under their control (see map, p. 6).

The clash between Arabs and Jews developed during the period between World War I and World War II. During these years, immigration, which was greatly accelerated by Hitler's rise to power, raised the number of Jews from about 13 percent to approximately 33 percent of the population of Palestine. The Arabs, who had previously expressed concern over the population change, became increasingly alarmed over what they regarded as a serious threat to their security. Arab strikes were followed by acts of violence against the Jewish settlers.

British efforts to find a solution to the growing Arab-Jewish tension by sending various fact-finding commissions to the Mandate proved unsuccessful. With no agreement in sight and World War II imminent Britain issued the White Paper of 1939 offering Palestine, with its still predominantly Arab population, independence in 10 years. The document was a concession to the Arabs when Britain once again needed their help; restrictions were placed not only on further Jewish immigration but also on Jewish land purchases in certain sections of the country.

Recurring strife in Palestine and the increasing international concern over the problem caused Britain in 1947 to take the problem to the United Nations with the announcement that London had decided to terminate its Mandate. The passing of the "Partition of Palestine" resolution in the General Assembly, over the stormy protests of the Arab countries, resulted in more disturbances in Palestine. While Jews hailed the partition plan



as offering a sound legal basis for establishing a state of their own, Arab leaders bitterly charged that the UN plan disregarded the rights of the Palestinian Arabs and threatened the security of the neighboring countries.

The termination of the British Mandate on 14 May 1948 and the declaration in Tel Aviv the following day that the new state of Israel had been established were the signal for open warfare. Most of the civilian Arab population, frightened by Jewish terrorist incidents, fled to the neighboring Arab countries.

The increasing military strength of the Israeli armed forces in the latter half of 1948 and the ineffective tactics of the Arab armies resulted in Israel's occupation of most of the former Mandate territory with exception of the Egyptian-held Gaza strip, the Jordanian-held east-central portion of Palestine including the Old City of Jerusalem, and three small areas near the Syrian border under control of the Damascus forces.

United Nations efforts succeeded in 1949 in obtaining Israeli armistice agreements with Egypt, Lebanon, Jordan, and Syria. To minimize the danger of renewed outbreaks, in the absence of a general Arab-Israeli peace settlement, the United States, Britain, and France issued the Tripartite Declaration in 1950, warning both sides that the three powers opposed any involuntary alteration of the armistice frontiers.

The aftermath of the Arab-Israeli war revealed a sharp bitterness not only between the two disputing sides but also between the Arab nations and the Western powers. The Arab world charged that the United States and Britain had reverted from a friendly role to that of an enemy. Popular feeling against Americans and other Westerners was apparent in the xenophobic incidents which took place in Egypt, Syria, and Iraq, as well as in the antiforeign opinions expressed by the Arab governments and press.

Five years after the establishment of Israel, relations between Arabs and Israelis are still bitter, border incidents recur, and a peace settlement appears to be no closer than it was when the armistices were arranged. The last few years have diminished neither the number nor the seriousness of the problems.

The rapid increase of Israel's population to some 1,400,000 --slightly less than the figure for the former Mandate--has been accompanied by considerable agricultural and industrial development. These Israeli achievements, however, have not lessened

in any significant way the most serious threat facing the nation's continued existence: a lack of essential resources and an inadequate economy to support the expanding population.

The unfavorable economic situation is highlighted by the fact that Israeli exports total but 10 percent of the imports and that the Arab boycott of Israel and Egypt's continued restrictions against Suez Canal shipping destined for Haifa are fairly effective. Still dependent on outside financial aid, particularly from American private and governmental sources, Israel is again requesting, as it did in 1952, grant aid from Washington to cover forthcoming short term debts.

The vast majority of the Arabs are still hostile to Israel and oppose any suggestion of a peace settlement. The strength of this sentiment is reflected in Iraq's refusal to let oil flow through the Kirkuk-Haifa pipeline, Egypt's continued restrictions on Suez Canal shipping bound for Israel despite a UN directive to the contrary, and Arab attempts at making the boycott of Israel more effective. The recurrence of border incidents helps strengthen the Arab fears and distrust.

A major reason for Arab bitterness is the situation of the 850,000 Arab refugees who fled Palestine in 1948 and who are now living in Jordan, Lebanon, Syria, and in the Egyptian-held Gaza strip. While the refugee camps are largely administered and supported by a special UN agency, the wretched living conditions of the refugees have offered extremist groups opportunities to promote dissatisfaction and have caused severe social and economic problems to the local governments.

Jordan, which has long been dependent on a British subsidy, has had its population almost doubled by the influx of some 450,000 refugees. This situation has not only caused conflict between the refugees and the local Arab governments, but it has also helped intensify general Arab antagonism toward the West as being responsible for the entire problem.

An added regional problem has been the international dispute over the future status of Jerusalem. Even though Jordan controlled the Old City and Israel the New City, the 1949 General Assembly passed a resolution directing the establishment of an international zone for the entire Jerusalem area. Israel's insistence that Jerusalem rather than Tel Aviv is its real capital and Jordan's continued interest in the Old City offer little prospect of any change to the present "de facto" control by these two countries.

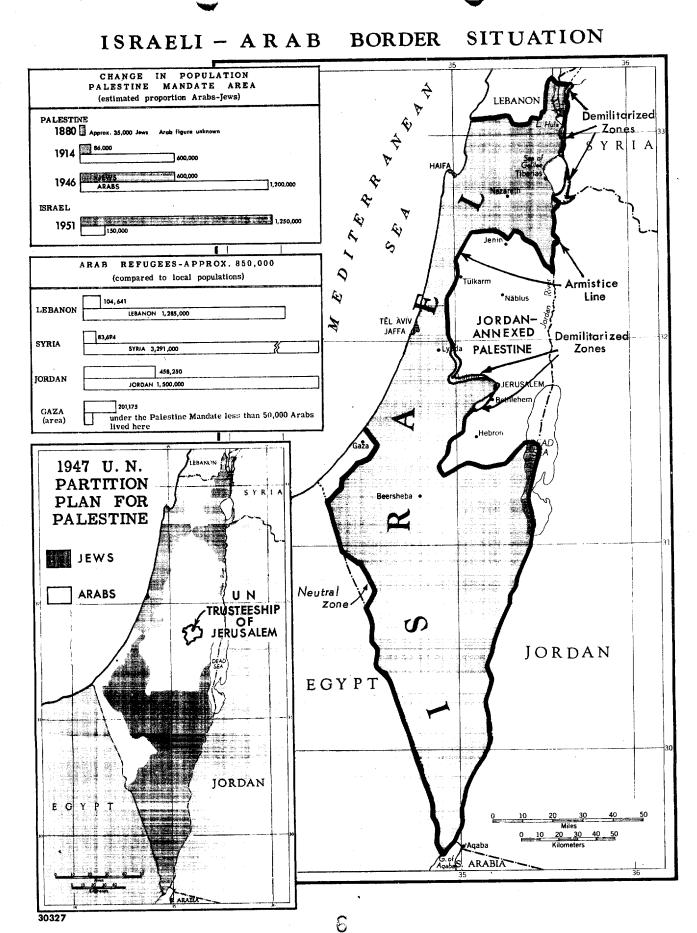




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A solution to any of the major Arab-Israeli problems does not seem likely in the foreseeable future. Despite Israeli efforts for a peace settlement and a few private suggestions by some Arab leaders, there is no evidence that any of the Arab states will soon take the lead in negotiating a peace pact. On the refugee question, Syria has agreed with the United Nations to provide resettlement for limited numbers of the destitute Arabs, but army dictator Shishakli has done little to implement his promises. Recent border incidents offer little prospect that the mere passage of time will bring permanent peace.

Although no serious deterioration in Arab-Israeli relations is expected, the general unsettled situation acts as a constant irritant to the political and economic structures of both Israel and the Arab countries. The continuing tension and bitterness not only make more difficult the solution of the problems of the Arab and Israeli Governments, but also seriously impede the attainment of Western objectives, whether it be Point IV Program, the resettlement of the refugees, or the establishment of any Middle East defense organization.



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